

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: JANAS ASSOCIATES,)
ITS OFFICERS, DIRECTORS,) File No. 0201002
EMPLOYEES, AFFILIATES, SUCCESSORS,)
AGENTS AND ASSIGNS, AND)
R. CARTER FREEMAN)

NOTICE OF HEARING

TO THE RESPONDENTS: R. Carter Freeman, Chairman
Janas Associates
C/O S. Patrick McKey
Bell, Boyd and Lloyd
Three First National Plaza
70 West Madison Street, Suite 3300
Chicago, Illinois 60602-4207

You are hereby notified that pursuant to Section 10-45 of the Illinois Business Brokers Act of 1995, [815 ILCS 307/10-1 et seq.] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 520 South Second Street, Suite 200, Springfield, Illinois 62701, on the 15th day of September, 2004, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis, or such other duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether an Order of Prohibition should be entered against Janas Associates and R. Carter Freeman (the "Respondents") in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within ten (10) days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That Respondent, Janas Associates, is a purported business entity, with a last known address of 201 South Lake Avenue, #416, Pasadena, California 91101-4804;

Notice of Hearing

-2-

2. That, at all times relevant the Respondent, R. Carter Freeman, was an officer, director, agent or employee of Janas Associates;
3. That on or about June 13, 2000, Janas Associates entered into an agreement with Olympic Oil, a business entity whose primary place of business is in Illinois; said agreement stated that Janas Associates, in return for a fee, commission or other compensation, agreed to assist in negotiation, structure and closing of the sale of Olympic Oil as well as prepare a confidential business review, act a financial advisor, identify potential purchasers, negotiate with potential purchasers, and assist in coordination of the efforts of legal counsel regarding the closing process; subsequent to entering into said agreement, representatives of Janas Associates met personally with prospective purchasers and actively participated in negotiation of sale price and terms of sale of Olympic Oil;
4. That the above-referenced business entity, Janas Associates, is a Business Broker as that term is defined pursuant to Section 10-5.10 of the Illinois Business Brokers Act of 1995 [815 ILCS 307/10-1 et seq.] (the "Act");
5. That Section 10-10 of the Act provides, inter alia, that every person engaging in the business of business brokering, except those exempt under Section 10-80 of the Act, shall be registered with the Office of the Secretary of State pursuant to the provisions of this Act;
6. That Section 10-85 of the Act provides, inter alia, that it shall be a violation of the Act for any business broker to either directly or indirectly engage in the business of acting as a business broker without registration under this Act;
7. That at all times relevant hereto, Janas Associates, its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, including R. Carter Freeman, engaged in the business of acting as a business broker without registration under this Act;
8. That by virtue of the foregoing, Janas Associates, its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, including R. Carter Freeman, have violated Sections 10-10 and 10-85 of the Act;

Notice of Hearing

-3-

9. That Section 10-55(c) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated any provision of this Act, the Secretary of State may by written order temporarily or permanently prohibit such person from acting as a business broker;
10. That Section 10-55(d) of the Act provides, inter alia, that if the Secretary of State shall find that any person is acting or has acted as a business broker as defined in Section 10-5.10 of the Act, without prior thereto or at the time thereof having complied with the registration requirements of the Act, The Secretary of State may by written order prohibit such person from acting as a business broker in this State;
11. That Section 10-55(a) of the Act provides, inter alia, that if the Secretary of State determines that a person has violated the Act, the Secretary of State may, in addition to all other remedies, impose an administrative fine upon the person in an amount not to exceed \$10,000 for each violation;
12. That Section 10-60 of the Act provides, inter alia, that if a business broker commits a material violation of Section 10-10 of the Act in connection with a contract for business brokering services, the contract is void, and the prospective client is entitled to receive from the business broker all sums paid to the business broker, with interest and any attorney's fee required to enforce this Section;
13. That by virtue of the foregoing, the Respondents, Janas Associates, its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, including R. Carter Freeman, are subject to a fine of up to \$10,000.00 per violation, the voiding of the aforesaid agreement/contract, payment to the prospective client of any sums paid to the business broker with interest as well as attorney's fee required to enforce this section, and an order which permanently prohibits the Respondents from acting as a business broker in the State of Illinois.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined

Notice of Hearing

-4-


above or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty days of the receipt of this notice. Your failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondents.

Dated this 12th day of July, 2004.


Jesse White
Secretary of State
State of Illinois

Attorney for the Secretary of State:

Johan Schripsema
Illinois Securities Department
Lincoln Tower, Suite 200
520 South Second Street
Springfield, Illinois 62701
Telephone: (217) 524-1688
Enforcement Fax: (217) 782-8876

Hearing Officer:

Jon K. Ellis
1035 South 2nd Street
Springfield, Illinois 62704
Telephone (217) 528-6835
Fax: (217) 528-6837